

**GREENE
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2010

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GREENE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2009 Election)

Troy Feldman	President	2011
Gary Hatcher		2011
John Moellers		2011
Laura Schafer		2009
Barbara Brinkman		2009

(After September 2009 Election)

Troy Feldman	President	2011
Gary Hatcher		2011
John Moellers		2011
Laura Schafer		2013
Barbara Brinkman		2013

School Officials

Terry Kenealy	Superintendent
Jan Trees	District Secretary
John Barth	District Treasurer

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of
Greene Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Greene Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of Greene Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

The voters of the District approved reorganization with the Allison-Bristow Community School District effective July 1, 2011.

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2011 on our consideration of Greene Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 32 through 34 are not required parts of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greene Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bruce D. Frink

BRUCE D. FRINK
Certified Public Accountant

March 29, 2011

GREENE COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Greene Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$3,541,526 in fiscal year 2009 to \$3,214,877 in fiscal year 2010 (a 9% decrease), while General Fund expenditures increased from \$3,492,184 in fiscal year 2009 to \$3,494,162 in fiscal year 2010 (virtually no change).
- General Fund state source revenues decreased over \$300,000. Discretionary spending was carefully monitored in order to maintain the General Fund balance.
- Sharing a superintendent with Allison-Bristow Community School District, rather than Rudd-Rockford-Marble Rock Community School District, contributed to a drop in administration costs.
- The General Fund balance decreased by over \$287,000 from fiscal year 2009 to fiscal year 2010. This is virtually the same amount as the decrease in state revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Greene Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Greene Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Greene Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information includes detailed information about the Student Activity Fund and a multiyear comparison of revenues and expenses.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Greene Community School District Annual Financial Report

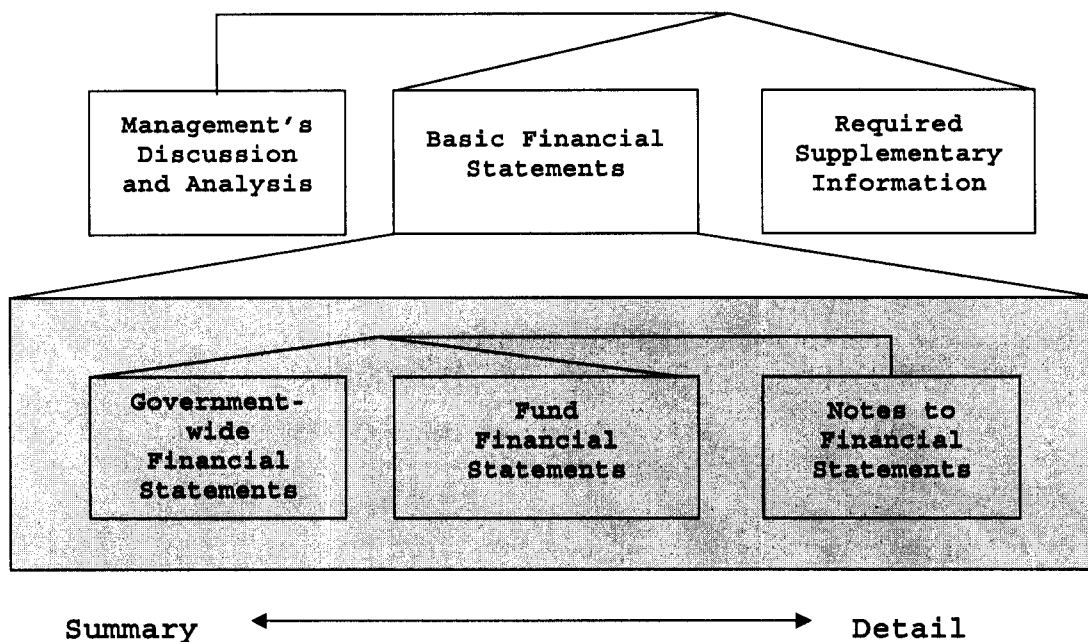


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activity the District operates similar to private businesses: food services
Required financial statements	<ul style="list-style-type: none"> . Statement of net assets . Statement of activities 	<ul style="list-style-type: none"> . Balance sheet . Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> . Statement of net assets . Statement of revenues, expenses and changes in fund net assets . Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District has elected to present all funds as "major" funds for clarity of presentation.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, changes in net assets and a statement of cash flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2010 compared to the year ended 2009.

Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Current assets	\$ 3,731	3,912	10	8	3,741	3,920	-4.78%
Capital assets	<u>3,635</u>	<u>3,750</u>	<u>3</u>	<u>4</u>	<u>3,638</u>	<u>3,754</u>	<u>-3.19%</u>
Total assets	<u>7,366</u>	<u>7,662</u>	<u>13</u>	<u>12</u>	<u>7,379</u>	<u>7,674</u>	<u>-4.00%</u>
Current liabilities	1,845	1,824	-	-	1,845	1,824	1.14%
Non-current liabilities	<u>2,686</u>	<u>2,855</u>	<u>-</u>	<u>-</u>	<u>2,686</u>	<u>2,855</u>	<u>-6.29%</u>
Total liabilities	<u>4,531</u>	<u>4,679</u>	<u>-</u>	<u>-</u>	<u>4,531</u>	<u>4,679</u>	<u>-3.27%</u>
Net Assets							
Invested in capital assets, net of related debt	960	895	3	4	963	899	6.65%
Restricted	1,319	1,226	-	-	1,319	1,226	7.05%
Unrestricted	<u>556</u>	<u>862</u>	<u>10</u>	<u>8</u>	<u>566</u>	<u>870</u>	<u>-53.71%</u>
Total net assets	<u>\$ 2,835</u>	<u>2,983</u>	<u>13</u>	<u>12</u>	<u>2,848</u>	<u>2,995</u>	<u>-5.16%</u>

The District's combined net assets were 5% less than at June 30, 2010 than June 30, 2009. The increase in restricted net assets occurred primarily due to an increase in the capital projects and Management Funds. The unrestricted net assets decreased despite sharing monies and cost control measures. A midyear state aid cut of 10% prevented the District from meeting its budget.

Figure A-4 shows the changes in net assets for the year ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental Activities		Business Type Activities		Total School District		Total Change	
2010	2009	2010	2009	2010	2009	2009-2010	
Revenues:							
Program revenues:							
Charges for service and sales	\$ 498	660	103	109	601	769	-21.85%
Operating grants, contributions and restricted interest	822	746	70	67	892	813	9.72%
General revenues:							
Property tax	1,577	1,531	-	-	1,577	1,531	3.00%
Statewide sales, services and use tax	162	187	-	-	162	187	-13.37%
Unrestricted state grants	893	1,187	-	-	893	1,187	-24.77%
Unrestricted investment earnings	17	13	-	-	17	13	30.77%
Other	7	13	-	-	7	13	-46.15%
Total revenues	3,976	4,337	173	176	4,149	4,513	-8.07%
Program expenses:							
Governmental activities:							
Instruction	2,412	2,309	-	-	2,412	2,309	4.46%
Support services	1,303	1,313	-	-	1,303	1,313	-0.76%
Non-instructional programs	-	-	171	176	171	176	-2.84%
Other expenses	409	433	-	-	409	433	-5.54%
Total expenses	4,124	4,055	171	176	4,295	4,231	1.51%
Change in net assets	\$ (148)	282	2	-	(146)	282	-151.77%

Property tax, statewide sales, services and use tax and unrestricted state grants account for 60% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 86% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$3,976,463 and expenses were \$4,124,286 for the year ended June 30, 2010. The District attempted to balance the budget by reducing discretionary spending and seeking out alternative revenue sources such as grants but midyear state cuts continue to hamper proper planning. Sharing students and administrators with neighboring districts is allowing for cost savings.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services programs and other expenditures, for the year ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-2010	2010	2009	Change 2009-2010
Instruction	\$ 2,412	2,309	4.46%	1,239	1,080	14.72%
Support services	1,303	1,313	-0.76%	1,283	1,263	1.58%
Other expenses	409	433	-5.54%	282	307	-8.14%
Totals	\$ 4,124	4,055	1.70%	2,804	2,650	5.81%

For the year ended June 30, 2010:

- The cost financed by users of the District's programs was \$498,058. The primary sources are sharing of the superintendent and classes with Allison-Bristow.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$441,001.
- The net cost of governmental activities was financed with \$1,576,995 in property tax, \$892,863 in state foundation aid and \$162,093 in statewide sales, services and use tax.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2010 were \$172,961 and expenses totaled \$171,151. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted the Greene Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,897,360, 10% below last year's ending fund balances of \$2,099,567. These are primarily a result of the midyear state aid cut.

Governmental Fund Highlights

- The District's General Fund balance decreased almost \$300,000. State foundation aid dropped \$294,520.
- The District continues to collect statewide sales, services and use tax. It is being used for property tax relief.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on pages 30 and 31.

Legal Budgetary Highlights

The District's total actual receipts were approximately \$220,000 less than the total budgeted receipts, a variance of 5%. The most significant change resulted in the District receiving less in state revenues than originally anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending through its line item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year. The District did not exceed the amount budgeted in any of the four functions nor did it exceed its General Fund unspent authorized budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2010, the District has invested more than \$3.6 million, net of accumulated depreciation in a broad range of capital assets including school buildings, athletic facilities, central kitchen, maintenance and administrative buildings, computer and audiovisual equipment, maintenance equipment, school buses, library holdings and textbooks. Total depreciation expense for the year exceeded \$177,000.

Long - Term Debt

The District has \$2,675,000 in general obligation bonds from the construction of a secondary school building. These bonds have an average interest rate of 4.55%. They will be paid off over the next 11 years with previously approved property tax levies and sales taxes.

The postemployment benefits liability is more fully described in the notes to the financial statement.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District is in a two way sharing program with the Allison-Bristow Community School District. This has resulted in some cost savings. The Districts have agreed to reorganization effective July 1, 2011.
- The District will continue to seek out new sources of revenue, such as At-Risk Allowable Growth, Instructional Support Levy, and other grants that may be available for additional revenues.

- Future enrollment stability is a critical element in maintaining a sound financial foundation. Enrollment is currently declining and projects to continue to do so. This fact coupled with decreased state funding obviously does not bode well for the District's financial health. This decrease in funding will dramatically affect the General fund cash and unspent balances, along with having a negative affect on personnel and programming offered by the District.
- Iowa law requires that unsettled salary negotiations for teachers to mandatory arbitration. Invariably arbitrated settlements are higher than current levels of allowable growth in funding. Employee wage and benefit settlements exceeding the growth rate in State funding will continued to force the District to consider additional budget reductions to balance the General Fund budget.
- Once again unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. No Child Left Behind, Student Achievement, Teacher Quality Act, and GASB 34 to name a few.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Terry Kenealy, Superintendent, Greene Community School District, 201 North 4th Street, Greene, IA 50636.

Basic Financial Statements

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business Type Activities School Nutrition	Total
Assets			
Cash and pooled investments	\$ 1,714,397	194	1,714,591
Receivables:			
Property tax:			
Current year	32,792	-	32,792
Succeeding year	1,584,777	-	1,584,777
Due from other governments	399,357	-	399,357
Inventories	-	9,748	9,748
Capital assets, net of accumulated depreciation	3,634,844	3,504	3,638,348
Total assets	7,366,167	13,446	7,379,613
Liabilities			
Accounts payable	18,082	-	18,082
Accrued payroll and benefits	231,104	-	231,104
Accrued interest payable	10,312	-	10,312
Deferred revenue:			
Succeeding year property tax	1,584,777	-	1,584,777
Long term liabilities:			
Portion due within one year:			
General obligation bonds	195,000	-	195,000
Portion due after one year:			
Net OPEB liability	11,395	-	11,395
General obligation bonds	2,480,000	-	2,480,000
Total liabilities	4,530,670	-	4,530,670
Net Assets			
Invested in capital assets, net of related debt	959,844	3,504	963,348
Restricted for:			
Management levy	164,060	-	164,060
67 1/2 cent schoolhouse levy	130,111	-	130,111
Physical plant and equipment levy	277,530	-	277,530
Debt service	22,975	-	22,975
Capital projects	724,773	-	724,773
Unrestricted	556,204	9,942	566,146
Total net assets	\$ 2,835,497	13,446	2,848,943

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2010

	Program Revenues		Net (Expense) Revenues and Changes in Net Assets		
	Operating Grants, Contributions				
	Charges for Service	and Restricted Interest	Governmental Activities	Business Type Activities	Total
Expenses					
	\$ 2,412,220	498,058	674,752	(1,239,410)	(1,239,410)
Functions/Programs:					
Governmental activities:					
Instruction:					
Support services:					
Student services	62,235	-	-	(62,235)	-
Instructional staff services	71,048	-	-	(71,048)	-
Administration services	558,066	-	-	(558,066)	-
Operation and maintenance of plant services	420,986	-	20,367	(400,619)	-
Transportation services	191,087	25	-	(191,062)	-
	1,303,422	25	20,367	(1,283,030)	(1,283,030)
Other expenditures:					
Facilities acquisition	2,831	-	18,218	15,387	-
Long term debt service interest	131,992	-	426	(131,566)	-
Long term debt services	400	-	-	(400)	-
AEA flowthrough	108,563	-	108,563	-	-
Transfer to school nutrition	9,000	-	-	(9,000)	-
Depreciation (unallocated)*	155,858	-	-	(155,858)	-
	408,644	-	127,207	(281,437)	-
Total governmental activities	4,124,286	498,083	822,326	(2,803,877)	(2,803,877)

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2010

	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
	Operating Grants, Contributions			
	Charges for Service	and Restricted Interest	Governmental Activities	Business Type Activities
Expenses				Total
Non-instructional programs				
Nutrition services	171,151	102,833	70,128	-
				1,810
Total	\$ 4,295,437	600,916	892,454	(2,803,877)
				1,810
				(2,802,067)

Business type activities:

Non-instructional programs
Nutrition services

Total

General Revenues:

Property tax levied for:

General purposes
Management fund
Capital outlay
Debt service
Public education and recreation
Statewide sales, services and use tax
Unrestricted state grants
Unrestricted investment earnings
Other

\$ 1,140,149	-	1,140,149
100,018	-	100,018
108,498	-	108,498
214,083	-	214,083
14,247	-	14,247
162,093	-	162,093
892,963	-	892,963
16,550	-	16,550
7,453	-	7,453
2,656,054	-	2,656,054
(147,823)	1,810	(146,013)
2,983,320	11,636	2,994,956
\$ 2,835,497	13,446	2,848,943

Total general revenues

Change in net assets

Net assets beginning of year, as restated

Net assets end of year

* This amount excludes the depreciation that is included in the direct expense of the various programs.

See accompanying independent auditor's report.

GREENE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2010

Assets

Cash	\$ 306,116	97,107	162,829	275,919	-	130,111	712,281	30,034	1,714,397
Receivables:									
Property tax:									
Current year	14,032	-	1,231	1,611	173	-	12,492	3,253	32,792
Succeeding year	1,138,298	-	100,000	111,634	14,802	-	-	220,043	1,584,777
Due from other governments	399,357	-	-	-	-	-	-	-	399,357
Total assets	\$ 1,857,803	97,107	264,060	389,164	14,975	130,111	724,773	253,330	3,731,323

Liabilities and Fund Balances

Liabilities:									
Accounts payable	\$ 17,909	-	-	-	173	-	-	-	18,082
Accrued payroll and benefits	231,104	-	-	-	-	-	-	-	231,104
Deferred revenue:									
Succeeding year property tax	1,138,298	-	100,000	111,634	14,802	-	-	220,043	1,584,777
Total liabilities	1,387,311	-	100,000	111,634	14,975	-	-	220,043	1,833,963
Fund balances:									
Reserved for:									
Debt service	-	-	-	-	-	-	-	33,287	33,287
Unreserved, reported in:									
Capital projects	-	-	-	-	-	-	724,773	-	724,773
Special revenue	-	97,107	164,060	277,530	-	130,111	-	-	668,808
General fund	470,492	-	-	-	-	-	-	-	470,492
Total fund balances	470,492	97,107	164,060	277,530	-	130,111	724,773	33,287	1,897,360
Total liabilities and fund balances	\$ 1,857,803	97,107	264,060	389,164	14,975	130,111	724,773	253,330	3,731,323

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2010

Total fund balances of governmental funds (Exhibit C)	\$ 1,897,360
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*Amounts reported for governmental activities in the Statement of Net Assts
are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the government funds.	3,634,844
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Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(10,312)
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Long-term liabilities are not due and payable in the current period and,
therefore, are not reported as liabilities in the governmental funds.

Net other postemployment benefits	(11,395)
General obligation bonds	<u>(2,675,000)</u>

Net assets of governmental activities (Exhibit A)	<u>\$ 2,835,497</u>
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See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2010

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Public Equipment and Recreation Levy	Schoolhouse Levy	Capital Projects	Debt Service	Total
Revenues:									
Local sources									
Local tax	\$ 1,140,149	-	100,018	108,498	14,247	-	162,093	214,083	1,739,088
Tuition	498,058	-	-	-	-	-	-	-	498,058
Other	134,413	123,203	10,669	9,408	-	152	18,218	294	296,357
State sources	1,217,989	-	63	66	9	-	-	132	1,218,259
Federal sources	224,268	-	-	-	-	-	-	-	224,268
Total revenues	3,214,877	123,203	110,750	117,972	14,256	152	180,311	214,509	3,976,030
Expenditures:									
Instruction	2,213,852	129,736	57,237	-	-	-	-	-	2,400,825
Support services:									
Student services	62,235	-	-	-	-	-	-	-	62,235
Instructional staff services	71,048	-	-	-	-	-	-	-	71,048
Administration services	558,066	-	-	-	-	-	-	-	558,066
Operation and maintenance of plant services	310,416	-	62,982	94,075	14,256	1,249	-	-	482,978
Transportation services	169,982	-	-	-	-	-	-	-	169,982
	1,171,747	-	62,982	94,075	14,256	1,249	-	-	1,344,309
Other expenditures:									
Facilities acquisition and construction services	-	-	-	2,831	-	-	-	-	2,831
Long term debt service	-	-	-	-	-	-	-	180,000	180,000
Principal	-	-	-	-	-	-	-	132,742	132,742
Interest	-	-	-	-	-	-	-	400	400
Services	-	-	-	-	-	-	-	-	-
AEA flowthrough	108,563	-	-	-	-	-	-	-	108,563
	108,563	-	-	2,831	-	-	-	313,142	424,536
Total expenditures	3,494,162	129,736	120,219	96,906	14,256	1,249	-	313,142	4,169,670

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2010

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Public Equipment and Recreation Levy	Schoolhouse Levy	Capital Projects	Debt Service	Total
Excess (deficiency) of revenues over (under) expenditures	(279,285)	(6,533)	(9,469)	21,066	-	(1,097)	180,311	(98,633)	(193,640)
Other financing sources:									
Sale of equipment	433	-	-	-	-	-	-	-	433
Operating transfers in	-	-	-	-	-	-	(100,000)	-	(100,000)
Operating transfers (out)	(9,000)	-	-	-	-	-	-	100,000	91,000
	(8,567)	-	-	-	-	-	(100,000)	100,000	(8,567)
Net change in fund balances	(287,852)	(6,533)	(9,469)	21,066	-	(1,097)	80,311	1,367	(202,207)
Fund balances beginning of year	758,344	103,640	173,529	256,464	-	131,208	644,462	31,920	2,099,567
Fund balances end of year	\$ 470,492	97,107	164,060	277,530	-	130,111	724,773	33,287	1,897,360

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2010

Net change in fund balances - total governmental funds (Exhibit E) \$ (202,207)

*Amounts reported for governmental activities in the Statement of
Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 61,992	
Depreciation expense	<u>(176,963)</u>	(114,971)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

750

Postemployment benefits expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.

(11,395)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets

180,000

Change in net assets of governmental activities (Exhibit B) \$ (147,823)

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year ended June 30, 2010

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ 102,833
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	72,780
Benefits	9,792
Services	1,003
Supplies	86,933
Depreciation	643
Total operating expenses	<u>171,151</u>
Operating (loss)	<u>(68,318)</u>
Non-operating revenues:	
Interest on investments	6
Transfer from General Fund	9,000
State sources	1,616
Federal sources	<u>59,506</u>
	<u>70,128</u>
Change in fund net assets	1,810
Net assets beginning of year	<u>11,636</u>
Net assets end of year	<u>\$ 13,446</u>

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2010

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 102,833
Cash payments to employees for services	(82,572)
Cash payments to suppliers for goods or services	<u>(75,029)</u>
Net cash provided by (used by) operating activities	<u>(54,768)</u>
Cash flows from non-capital financing activities:	
State grants received	1,616
Federal grants received	<u>44,022</u>
Net cash provided by non-capital financing activities	<u>45,638</u>
Cash flows from capital financing activities:	
Transfer from General Fund	<u>9,000</u>
Cash flows from investing activities:	
Interest on investments	<u>6</u>
Net (decrease) in cash and cash equivalents	(124)
Cash and cash equivalents beginning of year	<u>318</u>
Cash and cash equivalents end of year	<u>\$ 194</u>
Reconciliation of operating (loss) to net cash (used by)	
operating activities:	
Operating (loss)	\$ (68,318)
Adjustments to reconcile operating (loss)	
to net cash (used in) operating activities:	
Depreciation	643
Commodities used	15,484
(Increase) in inventory	<u>(2,577)</u>
	<u>\$ (54,768)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received federal commodities valued at \$15,484.

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

Greene Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the City of Greene, Iowa, and agricultural territory in Butler and Floyd Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standard Board.

A. Reporting Entity

For financial reporting purposes, Greene Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Greene Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Butler and Floyd County Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has elected to present all funds as major funds for clarity of presentation.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

Public Education and Recreation Levy is utilized to account for the operation of recreation and community services activities.

The Physical Plant and Equipment Levy is used to purchase equipment (over \$500 per item) and for major repairs and improvements to buildings and grounds. It is funded primarily through a combination of property tax and income surtax.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statement:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year become effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years. No intangible assets were noted that exceeded the threshold amount.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000
Intangible assets	50,000

Capital assets are depreciated using the straight line method over the following estimated useful lives.

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability is deemed to be immaterial at June 30, 2010.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed its General Fund unspent authorized budget.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2010.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 103,600	-	-	103,600
Capital assets being depreciated:				
Buildings	4,670,089	-	-	4,670,089
Improvements other than buildings	186,559	-	-	186,559
Furniture and Equipment	1,153,867	61,992	-	1,215,859
Total capital assets being depreciated	6,010,515	61,992	-	6,072,507
Less accumulated depreciation for:				
Buildings	1,359,442	86,988	-	1,446,430
Improvements other than buildings	120,511	4,881	-	125,392
Furniture and Equipment	884,347	85,094	-	969,441
Total accumulated depreciation	2,364,300	176,963	-	2,541,263
Total capital assets being depreciated, net	3,646,215	(114,971)	-	3,531,244
Governmental activities, capital assets, net	\$ 3,749,815	(114,971)	-	3,634,844
Business type activities:				
Furniture and equipment	\$ 11,074	-	-	11,074
Less accumulated depreciation	6,927	643	-	7,570
Business type activities capital assets, net	\$ 4,147	(643)	-	3,504
Depreciation expense was charged to the following functions:				
Governmental activities:				
Support services:				
Transportation				\$ 21,105
Unallocated				155,858
				176,963
Business type activities:				
Food service operations				\$ 643

(4) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$143,794, \$131,537, and \$118,305 respectively, equal to the required contributions for each year.

(5) **Risk Management**

Greene Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(6) **Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$122,605 for year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(7) **Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning Year	Additions	Reductions	Balance End of Year	Due Within One Year
Net OPEB Liability	\$ -	11,395	-	11,395	-
Bonds Payable	2,855,000	-	180,000	2,675,000	195,000
Total	\$2,855,000	11,395	180,000	2,686,395	195,000

General Obligation Bonds

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	4.80 %	\$ 195,000	123,742	318,742
2012	4.15	200,000	114,383	314,383
2013	4.25	210,000	106,082	316,082
2014	4.375	220,000	97,158	317,158
2015	4.50	230,000	87,532	317,532
2016	4.60	240,000	77,183	317,183
2017	4.70	250,000	66,142	316,142
2018	4.80	260,000	54,393	314,393
2019	4.80	275,000	41,912	316,912
2020	4.80	290,000	28,713	318,713
2021	4.85	305,000	14,792	319,792
Total		\$2,675,000	812,032	3,487,032

(8) **Reorganization**

The voters of the District agreed to a reorganization with the Allison-Bristow Community School District effective July 1, 2011. The new district will be known as the North Butler Community School District.

(9) **Other Postemployment Benefits (OPEB)**

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 32 active members and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which result in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefits plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$15,046
Interest on net OPEB Obligation	-
Adjustment to annual required contribution	-
Annual OPEB Cost	15,046
Contributions made	(3,651)
Increase in net OPEB obligation	11,395
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$11,395</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$3,651 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$15,046	24.3%	\$11,395

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$155,030, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$155,030. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,265,000 and the ratio of the UAAL to covered payroll was 6.8%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress presented as Required Supplementary Information, in the section following the Notes to Financial Statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from information provided by the District.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$100,000</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
School Nutrition	General Fund	<u>\$9,000</u>

These transfers were to cover cash shortfall in the Nutrition Fund.

Required Supplementary Information

GREENE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information

Year ended June 30, 2010

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues:						
Local sources	\$ 2,533,503	111,839	2,645,342	2,637,778	2,637,778	7,564
State sources	1,218,259	1,616	1,219,875	1,537,506	1,537,506	(317,631)
Federal sources	224,268	59,506	283,774	194,000	194,001	89,773
Total revenues	<u>3,976,030</u>	<u>172,961</u>	<u>4,148,991</u>	<u>4,369,284</u>	<u>4,369,285</u>	<u>(220,294)</u>
Expenditures/Expenses:						
Instruction	2,400,825	-	2,400,825	2,555,000	2,555,000	154,175
Support services	1,344,309	-	1,344,309	1,871,409	1,871,409	527,100
Non-instructional programs	-	171,151	171,151	200,000	200,000	28,849
Other expenditures	424,536	-	424,536	662,974	662,974	238,438
Total expenditures/expenses	<u>4,169,670</u>	<u>171,151</u>	<u>4,340,821</u>	<u>5,289,383</u>	<u>5,289,383</u>	<u>948,562</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(193,640)	1,810	(191,830)	(920,099)	(920,098)	728,268
Other financing sources (uses)	<u>(8,567)</u>	<u>-</u>	<u>(8,567)</u>	<u>-</u>	<u>1</u>	<u>(8,568)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other expenditures and other financing uses	(202,207)	1,810	(200,397)	(920,099)	(920,097)	719,700
Balance beginning of year	<u>2,099,567</u>	<u>11,636</u>	<u>2,111,203</u>	<u>1,899,224</u>	<u>1,899,225</u>	<u>211,978</u>
Balance end of year	<u>\$ 1,897,360</u>	<u>13,446</u>	<u>1,910,806</u>	<u>979,125</u>	<u>979,128</u>	<u>931,678</u>

See accompanying independent auditor's report.

GREENE COMMUNITY SCHOOL DISTRICT

Note to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2010

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2010, expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed the General Fund unspent authorized budget.

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	\$0	\$155	\$155	0.0%	\$2,265	6.8%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

Other Supplementary Information

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ 8,739	64,606	71,319	2,026
District Football	331	118	22	427
Science Club	1,538	215	275	1,478
Cheerleaders	1,479	3,021	2,289	2,211
Junior Concessions	-	7,246	7,246	-
Athletic Concessions	-	12,254	12,254	-
Magazines	8,158	-	1,384	6,774
FFA	1,140	-	-	1,140
FCS Class	393	526	821	98
National Honor Society	3,362	380	(22)	3,764
Library	160	484	505	139
Music	5,350	1,513	3,602	3,261
Industrial Tech	3,581	1,592	2,058	3,115
Science	11,466	-	-	11,466
Math	10,294	-	-	10,294
Drama/Speech	10,137	350	1,064	9,423
Annual	5,191	13,302	13,658	4,835
Student Council	1,883	833	971	1,745
MS Student Council	1,617	-	-	1,617
School Store	701	3,500	3,706	495
Elementary	1,957	2,453	2,876	1,534
High School	302	31	217	116
Insurance	10	-	-	10
Dues/Fees	403	255	78	580
Hi Fi	20,628	200	-	20,828
Jump Rope for Heart	315	-	-	315
Spanish Club	(271)	4,353	1,480	2,602
Eagle Scout Project	-	2,314	1,584	730
Class of 2012	357	2,507	931	1,933
Class of 2013	-	360	27	333
Class of 2009	700	-	-	700
Class of 2010	1,807	-	1,428	379
Class of 2011	1,912	790	(37)	2,739
	<u>\$ 103,640</u>	<u>123,203</u>	<u>129,736</u>	<u>97,107</u>

See accompanying independent auditor's report.

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Seven Years

	Modified Accrual Basis						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Local sources:							
Local tax	\$ 1,739,088	1,718,973	1,719,500	1,650,952	1,682,842	1,636,518	1,533,884
Tuition	498,058	537,246	428,627	442,547	381,769	340,965	159,003
Other	296,357	356,925	314,948	331,095	233,247	195,169	251,652
State sources	1,218,259	1,523,392	1,388,991	1,416,043	1,487,933	1,370,715	1,262,921
Federal sources	224,268	201,355	120,379	151,905	142,574	121,516	508,540
Total	\$ 3,976,030	4,337,891	3,972,445	3,992,542	3,928,365	3,664,883	3,716,000
Expenditures:							
Instruction	2,400,825	2,309,127	2,082,349	1,993,501	1,975,446	2,015,056	1,742,816
Support services:							
Student	\$ 62,235	49,541	59,558	105,826	55,335	55,274	53,640
Instructional staff	71,048	68,664	69,847	69,484	81,630	73,310	88,141
Administration	558,066	561,034	542,304	509,468	496,673	450,344	438,687
Operation and maintenance of plant	482,978	490,854	428,470	445,155	389,538	447,317	353,010
Transportation	169,982	193,012	179,904	227,962	199,280	131,156	119,843
Non-instructional programs	-	-	-	-	-	12,000	21,000
Other expenditures:							
Facilities acquisition	2,831	50,409	58,787	124,077	60,677	73,106	866,057
Debt service:							
Principal	180,000	175,000	165,000	155,000	145,000	140,000	130,000
Interest and services	133,142	141,892	150,143	155,567	160,642	165,543	169,993
AEA flowthrough	108,563	108,563	105,723	104,519	102,479	98,923	99,730
Total	\$ 4,169,670	4,148,096	3,842,085	3,890,559	3,666,700	3,662,029	4,082,917

See accompanying independent auditor's report.

BRUCE D. FRINK

Certified Public Accountant

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of the
Greene Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Greene Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 29, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greene Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Greene Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greene Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-A-10 and I-B-10 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified no items which we consider to be significant deficiencies.

Compliance and Other Matters

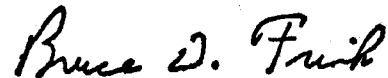
As part of obtaining reasonable assurance about whether Greene Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Greene Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Greene Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Greene Community School District and other parties to whom Greene Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Greene Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

March 29, 2011

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2010

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-10 SEGREGATION OF DUTIES

Comment - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response - We will review procedures and investigate available alternatives.

Conclusion - Response accepted.

I-B-10 AUDITOR DRAFTING OF THE FINANCIAL STATEMENTS AND RELATED FOOTNOTE DISCLOSURES

Comment - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 112, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy; we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2010

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-10 Certified Budget - Expenditures for the year ended June 30, 2010, did not exceed the certified budget amounts in any of the four functions. The District did not exceed the General Fund unspent authorized budget.
- II-B-10 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-10 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-10 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2010.
- II-E-10 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-10 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-G-10 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- II-H-1009 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-10 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported. The District was instructed to close the 67½ Cent Schoolhouse Levy in to the Physical Plant and Equipment Levy on the CAR by the Department of Education.
- Recommendation - As there was no statutory basis given for the adjustment, we recommend that the District maintain records necessary to show the proper use of these funds.
- Response - We will maintain such records.
- Conclusion - Response accepted.
- II-J-10 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-K-10 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-L-10 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2010

Part II: Other Findings Related to Required Statutory Reporting:
(continued)

II-M-10 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning balance	\$ 37,064
Statewide sales, services and use tax revenue	187,031
Expenditures/transfers out:	
Debt service:	
General obligation debt	<u>100,000</u>
Ending balance	<u>\$124,095</u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	<u>Per \$1,000 Of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Debt Service	\$1.85	187,031